

000309 08/29/2001

**SCHEDULE J
(Form 5471)**(Rev. January 1999)
Department of the Treasury
Internal Revenue Service**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number

65-0773649

Name of foreign corporation

TRANS-MERIDIAN INSURANCE.

Important. Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year					1,054,752.	1,054,752.
2a Current year E&P						
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b)	0.					
4 Amounts included under section 951(a) or reclassified under sec. 959(c) in current year					2,751,771.	
5a Actual distributions or reclassifications of previously taxed E&P					2,800,000.	
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)			0.		0.1,006,523.	
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	0.	0.				
7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable)	0.	0.	0.	0.	0.1,006,523.	1,006,523.

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Schedule J (Form 5471) (Rev. 1-99)

CAA 9 5471J1 NTF 20884

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SCHEDULE M
(Form 5471)
(Rev. January 1999)
Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation and
Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471 W. R. GRACE & CO. & SUBSIDIARIES	Identifying number 65-0773649
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Name of foreign corporation

TRANS-MERIDIAN INSURANCE.

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals (in U.S. dollars) for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). Translate all amounts from functional currency to U.S. dollars using the appropriate exchange rate for the tax year of the foreign corporation. See page 9 of the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► **U.S. Dollar 1.0000000**

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory).....					
2 Sales of property rights (patents, trademarks, etc.).....					
3 Compensation received for technical, managerial, engineering, construction, or like services.....					
4 Commissions received					
5 Rents, royalties, and license fees received.....					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income).....					
7 Interest received					
8 Premiums received for insurance or reinsurance.....				38,223.	
9 Add lines 1 through 8	0.	0.	38,223.	0.	0.
10 Purchases of stock in trade (inventory).....					
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.).....					
13 Compensation paid for technical, managerial, engineering, construction, or like services.....					
14 Commissions paid.....					
15 Rents, royalties, and license fees paid.....					
16 Dividends paid					
17 Interest paid					
18 Add lines 10 through 17	0.	0.	0.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions ...					
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions ...					

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Schedule M (Form 5471) (Rev. 1-99)

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W. R. GRACE & CO. & SUBSIDIARIES
TRANS-MERIDIAN INSURANCE.

Statement 1
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 2 Schedules

Other Income

Description	Functional Currency	U.S. Dollars

OTHER INCOME	3,057,014	3,057,014

Total	3,057,014	3,057,014
=====	=====	=====

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W. R. GRACE & CO. & SUBSIDIARIES
TRANS-MERIDIAN INSURANCE.

Statement 2
65-0773649

Tax Year Ended 12/31/2000

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Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
ACCRUED INTEREST	50,905	8,955
Total	50,905	8,955

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W. R. GRACE & CO. & SUBSIDIARIES
TRANS-MERIDIAN INSURANCE.

Statement 3
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
	13,040,405	5,692,132
Total	13,040,405	5,692,132

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Form 5471

(Rev. January 1999)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate instructions.

OMB No. 1545-0704

File In Duplicate

(see When and
Where To File in the
instructions)

Name of person filing this return

W. R. GRACE & CO. & SUBSIDIARIES

Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address)

5400 BROKEN SOUND BLVD. - SUITE 300

City or town, state, and ZIP code

BOCA RATON, FL 33487

Filer's tax year beginning 01/01 , 2000, and ending 12/31 , 2000

A Identifying number

65-0773649

B Category of filer (See page 2 of the instructions. Check applicablebox(es)): (1) (2) (3) (4) (5) **C Enter the total percentage of voting stock of the foreign corporation**

you owned at the end of its annual accounting period

100%

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)
			Shareholder Officer Director

Important: Fill in all applicable lines and schedules. All information **MUST** be in the English language. All amounts **MUST** be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ► Italian Lira

1a Name and address of foreign corporation W. R. GRACE ITALIANA SPA PIAZZA MEDA, 3 20121 MILANO, ITALY	b Employer identification number, if any		
	c Country under whose laws incorp. ITALY		
d Date of incorporation 11/04/97	e Principal place of business ITALY	f Principal business activity code number (NEW) 325900	g Principal business activity OTHER CHEMICAL PRODUCTS MFG

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States	b If a U.S. income tax return was filed, please show:	
	(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)
c Name and address of foreign corporation's statutory or resident agent in country of incorporation		d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different FERNANDA VITTORI

Schedule A Stock of the Foreign Corporation**Part I -- ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	280,000	280,000

Part II -- Additional Information for PREFERRED Stock

(To be completed only by Category (1) filers for foreign personal holding companies.)

(a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

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W. R. GRACE & CO. & SUBSIDIARIES

Form 5471 (Rev. 1-99)

W. R. GRACE ITALIANA SPA

65-0773649

Page 2

Schedule B U.S. Shareholders of Foreign Corporation (See page 4 of the instructions.)

100

Schedule C Income Statement (See page 4 of the instructions.)

Important: Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
Income	1a Gross receipts or sales	32,441,548,240.	15,247,528.
	b Returns and allowances	651,113,602.	306,023.
	c Subtract line 1b from line 1a	31,790,434,638.	14,941,505.
	2 Cost of goods sold	20,636,211,599.	9,699,020.
	3 Gross profit (subtract line 2 from line 1c).....	11,154,223,039.	5,242,485.
	4 Dividends		
	5 Interest	149,092,360.	70,073.
	6 Gross rents, royalties, and license fees	1,852,611,820.	870,728.
	7 Net gain or (loss) on sale of capital assets		
Deductions	8 Other income (attach schedule)	SEE STATEMENT 1.	
	9 Total income (add lines 3 through 8).	5,536,060,134.	2,601,948.
	10 Compensation not deducted elsewhere	18,691,987,353.	8,785,234.
	11 Rents, royalties, and license fees	7,140,604,582.	3,356,084.
	12 Interest	887,985,284.	417,354.
	13 Depreciation not deducted elsewhere	612,090,982.	287,683.
	14 Depletion		
	15 Taxes (exclude provision for income, war profits, and excess profits taxes)	4,704,400.	2,211.
	16 Other deductions (attach schedule -- exclude provision for income, war profits, and excess profits taxes)	SEE STATEMENT 2.	
Net Income	17 Total deductions (add lines 10 through 16).	5,429,997,465.	2,552,098.
	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	14,075,382,713.	6,615,430.
	19 Extraordinary items and prior period adjustments (see instructions)		
	20 Provision for income, war profits, and excess profits taxes (see instructions)		
	21 Current year net income or (loss) per books (line 18 plus line 19 minus line 20).....	2,206,163,847.	1,036,897.

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000423 08/29/2001 W. R. GRACE & CO. & SUBSIDIARIES

Form 5471 (Rev. 1-99) W. R. GRACE ITALIANA SPA

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Page 3

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See page 4 of instructions.)

(a) Name of country or U.S. possession	Amount of tax		
	(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1 U.S.			
2 ITALY	2,079,674,000.	0.0004808	999,907.
3			
4			
5			
6			
7			
8 Total.....			999,907.

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

Assets	(a) Beginning of annual accounting period	(b) End of annual accounting period
1 Cash	932,665.	4,748,371.
2a Trade notes and accounts receivable.....	6,082,892.	6,705,758.
b Less allowance for bad debts.....	(-18,870.)	(37,397.)
3 Inventories.....	967,261.	917,312.
4 Other current assets (attach schedule)..... SEE STATEMENT 3.....	20,702.	30,954.
5 Loans to stockholders and other related persons.....		
6 Investment in subsidiaries (attach schedule)		
7 Other investments (attach schedule)		
8a Buildings and other depreciable assets	4,954,538.	4,701,709.
b Less accumulated depreciation	(2,696,042.)	(2,604,697.)
9a Depletable assets.....		
b Less accumulated depletion.....		
10 Land (net of any amortization).....	300,530.	275,821.
11 Intangible assets:.....		
a Goodwill.....		
b Organization costs.....		
c Patents, trademarks, and other intangible assets.....		
d Less accumulated amortization for lines 11a, b, and c.....		
12 Other assets (attach schedule)..... SEE STATEMENT 4.....	49,462.	101,953.
13 Total assets	10,630,878.	14,839,784.
Liabilities and Stockholders' Equity		
14 Accounts payable.....	3,234,940.	3,431,820.
15 Other current liabilities (attach schedule)..... SEE STATEMENT 5.....	623,013.	2,397,986.
16 Loans from stockholders and other related persons.....	-1,812,540.	
17 Other liabilities (attach schedule)..... SEE STATEMENT 6.....	-82,356.	-4,152.
18 Capital stock:.....		
a Preferred stock.....		
b Common stock.....		
19 Paid-in or capital surplus (attach reconciliation).....	1,830,500.	1,680,000.
20 Retained earnings	0.	
21 Less cost of treasury stock.....	6,837,321.	7,334,130.
22 Total liabilities and stockholders' equity	10,630,878.	14,839,784.

Does the foreign corporation have an interest in a partnership or trust?

 Yes No

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W. R. GRACE & CO. & SUBSIDIARIES

Form 5471 (Rev. 1-99)

W. R. GRACE ITALIANA SPA

65-0773649

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Schedule H Current Earnings and Profits (See page 5 of the instructions. Enter the amounts on lines 1 through 5c in functional currency.)

1	Current year net income or (loss) per foreign books of account	1	2,206,163,847.
2	Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):		
a	Capital gains or losses.....		
b	Depreciation and amortization		
c	Depletion		
d	Investment or incentive allowance		
e	Charges to statutory reserves.....		
f	Inventory adjustments		
g	Taxes.....		
h	Other (attach schedule).....		
3	Total net additions	330,766,793.	
4	Total net subtractions.....	0.	0.
5a	Current earnings and profits (line 1 plus line 3 minus line 4)	330,766,793.	
5b	DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)		
5c	Combine lines 5a and 5b		2,536,930,640.
5d	Current earnings and profits in U.S. dollars (line 5c translated at the exchange rate as defined in section 989(b) and the related regulations)(see instructions).....		1,192,357.

Enter exchange rate used for line 5d ►

0.0004700

Schedule I Summary of Shareholder's Income From Foreign Corporation (See page 5 of the instructions.)

1	Subpart F income (line 40b, Worksheet A in the instructions)	1	
2	Earnings invested in U.S. property (line 17, Worksheet B in the instructions).....	2	
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions).....	3	
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5	Factoring income	5	
6	Total of lines 1 through 5. Enter here and on your income tax return.....	6	0.
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8	Exchange gain or (loss) on a distribution of previously taxed income.....	8	

- Was any income of the foreign corporation blocked?
- Did any become unblocked during the tax year (see section 964(b))?

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>

If the answer to either question is "Yes," attach an explanation.

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000423 08/29/2001

**SCHEDULE J
(Form 5471)**(Rev. January 1999)
Department of the Treasury
Internal Revenue Service**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number

65-0773649

Name of foreign corporation

W. R. GRACE ITALIANA SPA

Important. Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	9,700,364,542.	1,095,754,624.				10,796,119,166.
2a Current year E&P	2,536,930,640.					
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b)	12,237,295,182.	1,095,754,624.				
4 Amounts included under section 951(a) or reclassified under sec. 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)			0.	0.	0.	
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	12,237,295,182.	1,095,754,624.				
7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable)	12,237,295,182.	1,095,754,624.	0.	0.	0.	13,333,049,806.

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Schedule J (Form 5471) (Rev. 1-99)

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SCHEDULE M
(Form 5471)
(Rev. January 1999)
Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation and
Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number

65-0773649

Name of foreign corporation

W. R. GRACE ITALIANA SPA

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals (in U.S. dollars) for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). Translate all amounts from functional currency to U.S. dollars using the appropriate exchange rate for the tax year of the foreign corporation. See page 9 of the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► **Italian Lira 0.0004700**

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory).....			953,750.		
2 Sales of property rights (patents, trademarks, etc.).....					
3 Compensation received for technical, managerial, engineering, construction, or like services.....	746,810.		153,326.		
4 Commissions received			2,614,369.		
5 Rents, royalties, and license fees received.....					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income).....					
7 Interest received			50,105.		
8 Premiums received for insurance or reinsurance.....					
9 Add lines 1 through 8	746,810.	0.	3,771,550.	0.	0.
10 Purchases of stock in trade (inventory).....	924,615.		1,029,242.		
11 Purchases of tangible property other than stock in trade.....					
12 Purchases of property rights (patents, trademarks, etc.).....					
13 Compensation paid for technical, managerial, engineering, construction, or like services.....			16,820.		
14 Commissions paid.....					
15 Rents, royalties, and license fees paid.....			42,154.		
16 Dividends paid					
17 Interest paid					
18 Add lines 10 through 17	924,615.	0.	1,088,216.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions ...					
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions ...			1,894,890.		

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Schedule M (Form 5471) (Rev. 1-99)

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W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 1
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 2 Schedules

Other Income

Description	Functional Currency	U.S. Dollars
OPERATING REVENUE	5,172,200	2,431
OTHER INCOME	-39,990,427	-18,796
INTER CORP. OTHER INCOME	5,570,878,361	2,618,313
Total	5,536,060,134	2,601,948

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 W. R. GRACE & CO. & SUBSIDIARIES
 W. R. GRACE ITALIANA SPA

Statement 2
 65-0773649

Tax Year Ended 12/31/2000

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Other Deductions

Description	Functional Currency	U.S. Dollars
PROFESSIONAL, CORPORATION	733,022,941	344,521
ADVERTISING	422,710,425	198,674
GENERAL STATIONARY AND SU	139,632,254	65,627
TELEPHONE COMMUNICATIONS	1,597,380,550	750,769
OPERATING COSTS	213,951,996	100,557
UTILITIES	101,018,958	47,479
REPAIRS AND MAINTENANCE	283,194,499	133,101
INSURANCE	48,932,559	22,998
SERVICE CHARGES	1,285,211,986	604,050
EXPENSE TRANSFERS	462,972,422	217,597
OTHER DEDUCTIONS	103,054,021	48,435
INTER CORP. - OTHER EXP.	38,914,854	18,290
 Total	5,429,997,465	2,552,098

000423 08/29/2001
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 3
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 4 -- Other Current Assets

Detail Description	Beginning	Ending
OTHER PREPAYMENTS AND OTH	20,702	30,954
Total	20,702	30,954

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W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 4
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
DEFERRED CHARGES	49,462	101,953
Total	49,462	101,953

000423 08/29/2001
W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 5
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
ACCEPTANCE PAYABLE	47,654	53,375
INCOME TAXES PAYABLE	821,755	480,880
ACCRUED CURRENT LIABILITIES	974,491	1,140,298
OTHER CURRENT LIABILITIES	128,849	174,549
INDEMNITIES, PENSIONS AND	1,286,597	793,511
INTER CORPORATE BAL. WITH	-2,636,333	-244,627
Total	623,013	2,397,986

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W. R. GRACE & CO. & SUBSIDIARIES
W. R. GRACE ITALIANA SPA

Statement 6
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 17 -- Other Liabilities

Detail Description	Beginning	Ending
NON CURRENT DEFERRED TAX	-82,356	-4,152
Total	-82,356	-4,152

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Form 5471

(Rev. January 1999)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate Instructions.

OMB No. 1545-0704

File In Duplicate

(see When and
Where To File in the
instructions)

Name of person filing this return W. R. GRACE & CO. & SUBSIDIARIES	A Identifying number 65-0773649
Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address) 5400 BROKEN SOUND BLVD. - SUITE 300	B Category of filer (See page 2 of the instructions. Check applicable box(es)): (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4) <input checked="" type="checkbox"/> (5) <input checked="" type="checkbox"/>
City or town, state, and ZIP code BOCA RATON, FL 33487	C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period 81 %
Filer's tax year beginning 01/01 , 2000, and ending 12/31 , 2000	

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)
			Shareholder Officer Director

Important: Fill in all applicable lines and schedules. All information **MUST** be in the English language. All amounts **MUST** be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ► Japanese Yen

1a Name and address of foreign corporation GRACE CHEMICALS K.K. M-PRESS BLD. 5F 2-9-6 HAMAMATSU-CHO MINATO-KU TOKYO, JAPAN 105-0013	b Employer identification number, if any		
d Date of incorporation 7/26/82	e Principal place of business JAPAN	f Principal business activity code number (NEW) 325900	g Principal business activity OTHER CHEMICAL PRODUCT MFG
2 Provide the following information for the foreign corporation's accounting period stated above.			
a Name, address, and identifying number of branch office or agent (if any) in the United States		b If a U.S. income tax return was filed, please show: (i) Taxable income or (loss) (ii) U.S. income tax paid (after all credits)	
c Name and address of foreign corporation's statutory or resident agent in country of incorporation SEIJI NAKAMURA, M-PRESS BLD. 5F 2-9-6, HAMAMATSU-CHO, MINATO-KU TOKYO, JAPAN 105-0013		d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different M. NAKAJIMA, M-PRESS BLD. 5F 2-9-6, HAMAMATSU-CHO, MINATO-KU TOKYO, JAPAN 105-0013	

Schedule A Stock of the Foreign Corporation**Part I -- ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
ORDINARY	200,000	400,000

Part II -- Additional Information for PREFERRED Stock

(To be completed only by Category (1) filers for foreign personal holding companies.)

(a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

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Form 5471 (Rev. 1-99)

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GRACE CHEMICALS K.K.

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Schedule B U.S. Shareholders of Foreign Corporation (See page 4 of the instructions.)

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Schedule C Income Statement (See page 4 of the instructions.)

Important: Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
Income	1a Gross receipts or sales	1,699,395,283.	15,736,400.
	b Returns and allowances	42,910,903.	397,355.
	c Subtract line 1b from line 1a	1,656,484,380.	15,339,045.
	2 Cost of goods sold	897,021,488.	8,306,419.
	3 Gross profit (subtract line 2 from line 1c)	759,462,892.	7,032,626.
	4 Dividends		
	5 Interest	-1,981,096.	-18,345.
	6 Gross rents, royalties, and license fees		
	7 Net gain or (loss) on sale of capital assets		
Deductions	8 Other income (attach schedule)	SEE STATEMENT. 1.	-92,506.
	9 Total income (add lines 3 through 8)	747,491,979.	6,921,775.
	10 Compensation not deducted elsewhere	283,252,514.	2,622,918.
	11 Rents, royalties, and license fees	62,271,634.	576,635.
	12 Interest	2,770,272.	25,653.
	13 Depreciation not deducted elsewhere	62,384,121.	577,677.
	14 Depletion		
	15 Taxes (exclude provision for income, war profits, and excess profits taxes)	1,791,604.	16,590.
	16 Other deductions (attach schedule -- exclude provision for income, war profits, and excess profits taxes)	SEE STATEMENT. 2.	
Net Income	17 Total deductions (add lines 10 through 16)	223,864,927.	2,072,989.
	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	636,335,072.	5,892,462.
	19 Extraordinary items and prior period adjustments (see instructions)		
	20 Provision for income, war profits, and excess profits taxes (see instructions)		
	21 Current year net income or (loss) per books (line 18 plus line 19 minus line 20)	64,645,737.	598,619.

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GRACE CHEMICALS K.K.

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Form 5471 (Rev. 1-99)

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See page 4 of instructions.)

(a) Name of country or U.S. possession	Amount of tax		
	(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1 U.S.			
2 JAPAN	39,739,900.	0.0097484	387,400.
3			
4			
5			
6			
7			
8 Total.....			387,400.

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

Assets	(a) Beginning of annual accounting period	(b) End of annual accounting period
1 Cash	709,580.	326,470.
2a Trade notes and accounts receivable.....	6,249,060.	6,523,376.
b Less allowance for bad debts.....	(-567,082.)	(-734,507.)
3 Inventories	898,680.	944,172.
4 Other current assets (attach schedule)..... SEE STATEMENT 3...	118,042.	141,538.
5 Loans to stockholders and other related persons.....		
6 Investment in subsidiaries (attach schedule)		
7 Other investments (attach schedule)	126,003.	123,065.
8a Buildings and other depreciable assets	4,069,848.	4,759,107.
b Less accumulated depreciation	(566,533.)	(1,164,234.)
9a Depletable assets		
b Less accumulated depletion		
10 Land (net of any amortization)		
11 Intangible assets:		
a Goodwill		998,640.
b Organization costs		
c Patents, trademarks, and other intangible assets		
d Less accumulated amortization for lines 11a, b, and c		(10,403.)
12 Other assets (attach schedule)..... SEE STATEMENT 5...	0.	715,161.
13 Total assets	12,171,762.	14,091,399.
Liabilities and Stockholders' Equity		
14 Accounts payable.....	4,657,299.	6,263,778.
15 Other current liabilities (attach schedule)..... SEE STATEMENT 6...	2,095,084.	1,419,903.
16 Loans from stockholders and other related persons.....	2,448,000.	2,277,600.
17 Other liabilities (attach schedule)..... SEE STATEMENT 7...	514,001.	698,445.
18 Capital stock:		
a Preferred stock.....		
b Common stock.....	793,152.	1,419,120.
19 Paid-in or capital surplus (attach reconciliation).....	0.	0.
20 Retained earnings	1,664,226.	2,012,553.
21 Less cost of treasury stock.....	()	()
22 Total liabilities and stockholders' equity	12,171,762.	14,091,399.

Does the foreign corporation have an interest in a partnership or trust? Yes No

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GRACE CHEMICALS K.K.

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Page 4

Schedule H Current Earnings and Profits (See page 5 of the instructions. Enter the amounts on lines 1 through 5c in functional currency.)

1	Current year net income or (loss) per foreign books of account.....	1	64,645,737.
2	Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):		
a	Capital gains or losses		
b	Depreciation and amortization		
c	Depletion		
d	Investment or incentive allowance		
e	Charges to statutory reserves.....		
f	Inventory adjustments		
g	Taxes.....	6,771,270.	
h	Other (attach schedule).....	0.	0.
3	Total net additions	6,771,270.	
4	Total net subtractions		0.
5a	Current earnings and profits (line 1 plus line 3 minus line 4)	5a	71,417,007.
5b	DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)	5b	
5c	Combine lines 5a and 5b.....	5c	71,417,007.
5d	Current earnings and profits in U.S. dollars (line 5c translated at the exchange rate as defined in section 989(b) and the related regulations)(see instructions).....	5d	661,321.

Enter exchange rate used for line 5d ►

0.0092600

Schedule I Summary of Shareholder's Income From Foreign Corporation (See page 5 of the instructions.)

1	Subpart F income (line 40b, Worksheet A in the instructions)	1	
2	Earnings invested in U.S. property (line 17, Worksheet B in the instructions).....	2	
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3	
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5	Factoring income	5	
6	Total of lines 1 through 5. Enter here and on your income tax return.....	6	0.
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8	Exchange gain or (loss) on a distribution of previously taxed income.....	8	

Yes No

- Was any income of the foreign corporation blocked?
- Did any become unblocked during the tax year (see section 964(b))?

If the answer to either question is "Yes," attach an explanation.

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SCHEDULE J
(Form 5471)(Rev. January 1999)
Department of the Treasury
Internal Revenue Service**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number
65-0773649

Name of foreign corporation

GRACE CHEMICALS K.K.

Important. Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	200,348,339.					200,348,339.
2a Current year E&P	71,417,007.					
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b)	271,765,346.					
4 Amounts included under section 951(a) or reclassified under sec. 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)			0.	0.	0.	
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	271,765,346.	0.				
7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable)	271,765,346.	0.	0.	0.	0.	271,765,346.

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Schedule J (Form 5471) (Rev. 1-99)

CAA 9 5471J NTF 20884

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**SCHEDULE M
(Form 5471)**(Rev. January 1999)
Department of the Treasury
Internal Revenue Service**Transactions Between Controlled Foreign Corporation and
Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471
W. R. GRACE & CO. & SUBSIDIARIESIdentifying number
65-0773649Name of foreign corporation
GRACE CHEMICALS K.K.

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals (in U.S. dollars) for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). Translate all amounts from functional currency to U.S. dollars using the appropriate exchange rate for the tax year of the foreign corporation. See page 9 of the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► **Japanese Yen 0.0092600**

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory).....			193,139.		
2 Sales of property rights (patents, trademarks, etc.).....					
3 Compensation received for technical, managerial, engineering, construction, or like services.....					
4 Commissions received					
5 Rents, royalties, and license fees received.....					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income).....					
7 Interest received					
8 Premiums received for insurance or reinsurance					
9 Add lines 1 through 8	0.	0.	193,139.	0.	0.
10 Purchases of stock in trade (inventory).....		380,361.			
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.).....					
13 Compensation paid for technical, managerial, engineering, construction, or like services.....					
14 Commissions paid.....					
15 Rents, royalties, and license fees paid		43,270.			
16 Dividends paid			46,079.		
17 Interest paid			18,609.		
18 Add lines 10 through 17	423,631.	0.	64,688.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions ...			2,428,999.		
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions ...					

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Schedule M (Form 5471) (Rev. 1-99)

CAA 9 5471M1 NTF 20515A
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SCHEDULE O
(Form 5471)
(Rev. January 1999)

Department of the Treasury
Internal Revenue Service

**Organization or Reorganization of Foreign
Corporation, and Acquisitions and
Dispositions of Its Stock**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471	Identifying number
W. R. GRACE & CO. & SUBSIDIARIES	65-0773649

Name of foreign corporation
GRACE CHEMICALS K.K.

Important: Complete a **separate** Schedule O for each foreign corporation for which information must be reported.

Part I To Be Completed by U.S. Officers and Directors (See instructions.)

(a) Name of shareholder for whom acquisition information is reported	(b) Address of shareholder	(c) Identifying number of shareholder	(d) Date of original 10% acquisition	(e) Date of additional 10% acquisition

Part II To Be Completed by U.S. Shareholders

Note: If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

Section A -- General Shareholder Information

(a) Name, address, and identifying number of shareholder(s) filing this schedule	(b) For shareholder's latest U.S. income tax return filed, indicate:			(c) Date (if any) share- holder last filed info. return under section 6046 for the foreign corporation
	(1) Type of return (enter form number)	(2) Date return filed	(3) Internal Revenue Service Center where filed	
W. R. GRACE & CO. 7500 GRACE DRIVE COLUMBIA, MD 21044	1120	9/15/2001	ATLANTA, GA	

Section B -- U.S. Persons Who Are Officers or Directors of the Foreign Corporation

(a) Name of U.S. officer or director	(b) Address	(c) Social security number	(d) Check appropriate box(es)	
			Officer	Director

Section C -- Acquisition of Stock

(a) Name of shareholder(s) filing this schedule	(b) Class of stock acquired	(c) Date of acquisition	(d) Method of acquisition	(e) Number of shares acquired		
				(1) Directly	(2) Indirectly	(3) Constructively

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Schedule O (Form 5471) (Rev. 1-99)

CAA 9 5471O1 NTF 20517A

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GRACE CHEMICALS K.K.

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Schedule O (Form 5471) (Rev. 1-99)

(f) Amount paid or value given	(g) Name and address of person from whom shares were acquired

Section D -- Disposition of Stock

(a) Name of shareholder disposing of stock	(b) Class of stock	(c) Date of disposition	(d) Method of disposition	(e) Number of shares disposed of		
				(1) Directly	(2) Indirectly	(3) Constructively

(f) Amount received	(g) Name and address of person to whom disposition of stock was made

Section E -- Organization or Reorganization of Foreign Corporation

(a) Name and address of transferor			(b) Identifying number (if any)	(c) Date of transfer
GRACE JAPAN KK				7/7/2000
DENKI KAGAKU KOGYO KK				7/7/2000
(d) Assets transferred to foreign corporation			(e) Description of assets transferred by, or notes or securities issued by, foreign corporation	
(1) Description of assets	(2) Fair market value	(3) Adjusted basis (if transferor was U.S. person)		
CASH	741,962.		162,000 ORDINARY SHARES	
CASH	174,040.		38,000 ORDINARY SHARES	

Section F -- Additional Information

(a) If the foreign corporation or a predecessor U.S. corporation filed (or joined with a consolidated group in filing) a U.S. income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U.S. income tax paid (after all credits).

(b) List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 10% or more in value or vote (5% or more in value for transactions that occurred prior to January 1, 1998)(directly or indirectly) of the corporation's stock ►

(c) If the foreign corporation is a member of a group that make up a chain of ownership, attach a chart, for each unit of which a shareholder owns 10% or more in value or vote (5% or more in value for transactions that occurred prior to January 1, 1998) of the outstanding stock. The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see page 12 of the instructions for an example).

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 1
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 2 Schedules

Other Income

Description	Functional Currency	U.S. Dollars
OTHER INCOME	-9,989,817	-92,506
Total	-9,989,817	-92,506

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 W. R. GRACE & CO. & SUBSIDIARIES
 GRACE CHEMICALS K.K.

Statement 2
 65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 2 Schedules

Other Deductions

Description	Functional Currency	U.S. Dollars
PROFESSIONAL, CORPORATION	8,247,250	76,370
ADVERTISING	10,921,636	101,134
GENERAL STATIONARY AND SU	11,923,289	110,410
TELEPHONE COMMUNICATIONS	78,605,264	727,885
OPERATING COSTS	46,835,229	433,694
UTILITIES	4,121,204	38,162
REPAIRS AND MAINTENANCE	5,146,775	47,659
INSURANCE	3,375,696	31,259
SERVICE CHARGES	23,997,268	222,215
EXPENSE TRANSFERS	29,503,816	273,205
AMORTIZATION CHARGES	1,187,500	10,996
 Total	 223,864,927	 2,072,989

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 3
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 4 -- Other Current Assets

Detail Description	Beginning	Ending
OTHER PREPAYMENTS AND OTH	25,752	21,955
CURRENT DEFERRED TAXES	92,290	119,583
Total	118,042	141,538

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 4
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 7 -- Other Investments

Detail Description	Beginning	Ending
MISCELLANEOUS INVESTMENTS	126,003	123,065
Total	126,003	123,065

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 5
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
DEFERRED CHARGES		692,122
NON CURRENT DEFERRED TAXE		23,039
Total	0	715,161

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 6
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
ACCEPTANCE PAYABLE	862,486	821,182
INCOME TAXES PAYABLE	723,433	-84,388
ACCRUED CURRENT LIABILITI	35,058	173,207
INTER CORPORATE BAL. WITH	474,107	442,415
INDEMNITIES, PENSIONS AND		67,487
Total	2,095,084	1,419,903

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE CHEMICALS K.K.

Statement 7
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 17 -- Other Liabilities

Detail Description	Beginning	Ending
MINORITY INTEREST IN SUBS	514,001	616,283
NON CURRENT DEFERRED TAX		82,162
Total	514,001	698,445

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Form 5471

(Rev. January 1999)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate Instructions.

OMB No. 1545-0704

File In Duplicate

(see When and
Where To File in the
instructions)

Name of person filing this return

W. R. GRACE & CO. & SUBSIDIARIES

A Identifying number

65-0773649

Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address)

5400 BROKEN SOUND BLVD. - SUITE 300

B Category of filer (See page 2 of the instructions. Check applicablebox(es)): (1) (2) (3) (4) (5)

City or town, state, and ZIP code

BOCA RATON, FL 33487

C Enter the total percentage of voting stock of the foreign corporation

you owned at the end of its annual accounting period 100%

Filer's tax year beginning 01/01, 2000, and ending 12/31, 2000

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)
			Shareholder Officer Director

Important: Fill in all applicable lines and schedules. All information **MUST** be in the English language. All amounts **MUST** be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ► Japanese Yen

1a Name and address of foreign corporation GRACE JAPAN KK 100 KANEDA, ATSUGI-SHI KANAGAWA-KEN, 243-0807 JAPAN	b Employer identification number, if any		
c Country under whose laws incorp. JAPAN			
d Date of incorporation 11/26/60	e Principal place of business JAPAN	f Principal business activity code number (NEW) 325900	g Principal business activity OTHER CHEMICAL PRODUCT MFG

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States NONE	b If a U.S. income tax return was filed, please show: (i) Taxable income or (loss) (ii) U.S. income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation T HASATANI	d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different M YANESE
---	---

Schedule A Stock of the Foreign Corporation**Part I -- ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	340,000	340,000

Part II -- Additional Information for PREFERRED Stock(To be completed **only** by Category (1) filers for foreign personal holding companies.)

(a) Description of each class of PREFERRED stock Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

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Form 5471 (Rev. 1-99)

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Form 5471 (Rev. 1-99)

GRACE JAPAN KK

65-0773649

Page 2

Schedule B U.S. Shareholders of Foreign Corporation (See page 4 of the instructions.)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder (Note: This description should match the corresponding description entered in Schedule A, Part I, column (a).)	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
*W.R.GRACE &CO.-CONN 7500 GRACE DRIVE COLUMBIA, MD 21044 13-5114230	COMMON	340,000	340,000	
*A WHOLLY OWNED DOMESTIC SUBSIDIARY OF W.R. GRACE & CO.				

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Schedule C Income Statement (See page 4 of the instructions.)

Important: Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
Income	1a Gross receipts or sales	1a 2,966,832,149.	27,472,866.
	b Returns and allowances	1b 35,563,562.	329,319.
	c Subtract line 1b from line 1a	1c 2,931,268,587.	27,143,547.
	2 Cost of goods sold	2 1,499,161,378.	13,882,234.
	3 Gross profit (subtract line 2 from line 1c)	3 1,432,107,209.	13,261,313.
	4 Dividends	4 4,860,000.	45,004.
	5 Interest	5 2,146,328.	19,875.
	6 Gross rents, royalties, and license fees	6	
	7 Net gain or (loss) on sale of capital assets	7	
Deductions	8 Other income (attach schedule)	8 SEE STATEMENT. 1. 226,743,485.	2,099,645.
	9 Total income (add lines 3 through 8)	9 1,665,857,022.	15,425,837.
	10 Compensation not deducted elsewhere	10 501,882,441.	4,647,431.
	11 Rents, royalties, and license fees	11 159,079,755.	1,473,079.
	12 Interest	12 332,450.	3,078.
	13 Depreciation not deducted elsewhere	13 125,517,317.	1,162,290.
	14 Depletion	14	
	15 Taxes (exclude provision for income, war profits, and excess profits taxes)	15 48,961,142.	453,380.
	16 Other deductions (attach schedule -- exclude provision for income, war profits, and excess profits taxes)	16 SEE STATEMENT. 2. 271,666,673.	2,515,631.
Net Income	17 Total deductions (add lines 10 through 16)	17 1,107,439,778.	10,254,889.
	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	18 558,417,244.	5,170,948.
	19 Extraordinary items and prior period adjustments (see instructions)	19	
	20 Provision for income, war profits, and excess profits taxes (see instructions)	20 211,785,598.	1,961,134.
	21 Current year net income or (loss) per books (line 18 plus line 19 minus line 20)	21 346,631,646.	3,209,814.

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Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See page 4 of instructions.)

(a) Name of country or U.S. possession	Amount of tax		
	(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1 U.S.			
2 JAPAN	265,099,500.	0.0088288	2,340,510.
3			
4			
5			
6			
7			
8 Total			2,340,510.

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

Assets	(a) Beginning of annual accounting period	(b) End of annual accounting period
1 Cash	1,208,403.	3,279,187.
2a Trade notes and accounts receivable.....	5,173,413.	4,506,865.
b Less allowance for bad debts.....	(-1,023,657.)	(-978,883.)
3 Inventories.....	3,039,632.	2,475,708.
4 Other current assets (attach schedule)..... SEE STATEMENT. 3.....	725,577.	635,877.
5 Loans to stockholders and other related persons.....		
6 Investment in subsidiaries (attach schedule)		
7 Other investments (attach schedule)		
8a Buildings and other depreciable assets		
b Less accumulated depreciation		
9a Depletable assets		
b Less accumulated depletion.....		
10 Land (net of any amortization)	207,015.	185,198.
11 Intangible assets:		
a Goodwill.....		
b Organization costs		
c Patents, trademarks, and other intangible assets		
d Less accumulated amortization for lines 11a, b, and c		
12 Other assets (attach schedule)..... SEE STATEMENT. 5.....		
13 Total assets	28,652,072.	27,777,489.
Liabilities and Stockholders' Equity		
14 Accounts payable.....		
15 Other current liabilities (attach schedule)..... SEE STATEMENT. 6.....		
16 Loans from stockholders and other related persons.....		
17 Other liabilities (attach schedule)..... SEE STATEMENT. 7.....		
18 Capital stock:		
a Preferred stock.....		
b Common stock.....		
19 Paid-in or capital surplus (attach reconciliation).....		
20 Retained earnings		
21 Less cost of treasury stock.....		
22 Total liabilities and stockholders' equity	28,652,072.	27,777,489.

Does the foreign corporation have an interest in a partnership or trust? Yes No

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GRACE JAPAN KK

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<p>1 Current year net income or (loss) per foreign books of account</p> <p>2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):</p> <ul style="list-style-type: none"> a Capital gains or losses b Depreciation and amortization c Depletion d Investment or incentive allowance e Charges to statutory reserves f Inventory adjustments g Taxes h Other (attach schedule) <p>3 Total net additions</p> <p>4 Total net subtractions</p> <p>5a Current earnings and profits (line 1 plus line 3 minus line 4)</p> <p>b DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)</p> <p>c Combine lines 5a and 5b</p> <p>d Current earnings and profits in U.S. dollars (line 5c translated at the exchange rate as defined in section 989(b) and the related regulations)(see instructions).....</p> <p>Enter exchange rate used for line 5d ► 0.0092600</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Net Additions</th> <th style="text-align: center; padding: 5px;">Net Subtractions</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> </tr> <tr> <td style="text-align: right; padding: 5px;">0.</td> <td style="text-align: left; padding: 5px;">53,313,902.</td> </tr> <tr> <td style="text-align: right; padding: 5px;">0.</td> <td style="text-align: left; padding: 5px;">1.</td> </tr> <tr> <td style="text-align: right; padding: 5px;">0.</td> <td style="text-align: left; padding: 5px;">53,313,903.</td> </tr> </tbody> </table> <p style="text-align: right; margin-top: -10px;">SEE STMT. B</p>	Net Additions	Net Subtractions																					0.	53,313,902.	0.	1.	0.	53,313,903.
Net Additions	Net Subtractions																												
0.	53,313,902.																												
0.	1.																												
0.	53,313,903.																												

Schedule I **Summary of Shareholder's Income From Foreign Corporation** (See page 5 of the instructions.)

Form 5471 - Subpart F Income (See page 5 of the instructions.)	
1	Subpart F income (line 40b, Worksheet A in the instructions)
2	Earnings invested in U.S. property (line 17, Worksheet B in the instructions)
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)
5	Factoring income
6	Total of lines 1 through 5. Enter here and on your income tax return
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))
8	Exchange gain or (loss) on a distribution of previously taxed income.

- Was any income of the foreign corporation blocked? Yes No
 - Did any become unblocked during the tax year (see section 964(b))? Yes No

If the answer to either question is "Yes," attach an explanation.

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**SCHEDULE J
(Form 5471)**(Rev. January 1999)
Department of the Treasury
Internal Revenue Service**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number

65-0773649

Name of foreign corporation

GRACE JAPAN KK

Important. Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	2,007,482,560.	1,041,165,158.				3,048,647,718.
2a Current year E&P	293,317,743.					
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b)	2,300,800,303.	1,041,165,158.				
4 Amounts included under section 951(a) or reclassified under sec. 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)			0.	0.	0.	
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	2,300,800,303.	1,041,165,158.				
7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable)	2,300,800,303.	1,041,165,158.	0.	0.	0.	3,341,965,461.

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Schedule J (Form 5471) (Rev. 1-99)

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SCHEDULE M
(Form 5471)
(Rev. January 1999)
Department of the Treasury
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation and
Shareholders or Other Related Persons**

OMB No. 1545-0704

► Attach to Form 5471.

Name of person filing Form 5471

W. R. GRACE & CO. & SUBSIDIARIES

Identifying number

65-0773649

Name of foreign corporation

GRACE JAPAN KK

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals (in U.S. dollars) for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). Translate all amounts from functional currency to U.S. dollars using the appropriate exchange rate for the tax year of the foreign corporation. See page 9 of the instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule ► Japanese Yen 0.0092600

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation or partnership controlled by U.S. person filing this return	(d) Any other foreign corporation or partnership controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return)	(f) 10% or more U.S. shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory).....	44,663.		177,338.		
2 Sales of property rights (patents, trademarks, etc.).....					
3 Compensation received for technical, managerial, engineering, construction, or like services.....					
4 Commissions received					
5 Rents, royalties, and license fees received.....					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income).....			45,404.		
7 Interest received			18,860.		
8 Premiums received for insurance or reinsurance.....					
9 Add lines 1 through 8	44,663.	0.	241,602.	0.	0.
10 Purchases of stock in trade (inventory).....	2,466,066.		2,061,420.		
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.).....					
13 Compensation paid for technical, managerial, engineering, construction, or like services.....			64,078.		
14 Commissions paid.....					
15 Rents, royalties, and license fees paid.....	909,288.				
16 Dividends paid					
17 Interest paid					
18 Add lines 10 through 17	3,375,354.	0.	2,125,498.	0.	0.
19 Amounts borrowed (enter the maximum loan balance during the year) -- see instructions ...					
20 Amounts loaned (enter the maximum loan balance during the year) -- see instructions ...			3,830,344.		

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CAA 9 5471M1 NTF 20515A

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Schedule M (Form 5471) (Rev. 1-99)

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE JAPAN KK

Statement 1
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 2 Schedules

Other Income

Description	Functional Currency	U.S. Dollars
OTHER INCOME	226,743,485	2,099,645
Total	226,743,485	2,099,645

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 W. R. GRACE & CO. & SUBSIDIARIES
 GRACE JAPAN KK

Statement 2
 65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 2 Schedules

Other Deductions

Description	Functional Currency	U.S. Dollars
PROFESSIONAL, CORPORATION	25,799,988	238,908
CHARITABLE DEDUCTIONS	117,400	1,087
ADVERTISING	10,821,651	100,208
GENERAL STATIONARY AND SU	12,056,090	111,639
TELEPHONE COMMUNICATIONS	64,194,947	594,445
OPERATING COSTS	25,791,725	238,831
UTILITIES	21,051,443	194,936
REPAIRS AND MAINTENANCE	26,346,012	243,964
INSURANCE	13,605,838	125,990
SERVICE CHARGES	70,692,269	654,610
EXPENSE TRANSFERS	-17,816,955	-164,985
AMORTIZATION CHARGES	150,000	1,389
OTHER DEDUCTIONS	18,856,265	174,609
Total	271,666,673	2,515,631

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GRACE JAPAN KK

Statement 3
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 4 -- Other Current Assets

Detail Description	Beginning	Ending
OTHER PREPAYMENTS AND OTH	155,252	191,149
CURRENT DEFERRED TAXES	570,325	444,728
Total	725,577	635,877

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE JAPAN KK

Statement 4
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 7 -- Other Investments

Detail Description	Beginning	Ending
INVEST. IN CONSOL. SUBS	1,609,869	2,149,761
MISCELLANEOUS INVESTMENTS	125,803	110,090
Total	1,735,672	2,259,851

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE JAPAN KK

Statement 5
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 12 -- Other Assets

Detail Description	Beginning	Ending
Total	0	0

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE JAPAN KK

Statement 6
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 15 -- Other Current Liabilities

Detail Description	Beginning	Ending
ACCEPTANCE PAYABLE	525,064	1,006,846
INCOME TAXES PAYABLE	1,612,330	1,613,705
ACCRUED CURRENT LIABILITIES	630,734	608,154
OTHER CURRENT LIABILITIES	24,424	53,386
INDEMNITIES, PENSIONS AND INTER CORPORATE BAL. WITH	3,885,568 23,969	4,148,157 744,263
Total	6,702,089	8,174,511

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE JAPAN KK

Statement 7
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 3 Schedules

Schedule F, line 17 -- Other Liabilities

Detail Description	Beginning	Ending
NON CURRENT DEFERRED TAX	1,525,305	805,842
Total	1,525,305	805,842

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W. R. GRACE & CO. & SUBSIDIARIES
GRACE JAPAN KK

Statement 8
65-0773649

Tax Year Ended 12/31/2000

Form 5471 Page 4 Schedules

Other Net Subtractions (Schedule H, Line 2h)

Description	Amount
-----	-----
Other Net Subtractions	1
-----	-----
Total	1
=====	=====

000776 08/29/2001

Form **5471**

(Rev. January 1999)

Department of the Treasury
Internal Revenue Service**Information Return of U.S. Persons With
Respect To Certain Foreign Corporations**

► See separate Instructions.

OMB No. 1545-0704

File In Duplicate

(see When and
Where To File in the
instructions)

Name of person filing this return W. R. GRACE & CO. & SUBSIDIARIES	A Identifying number 65-0773649
Number, street, & room or suite no. (or P.O. box no. if mail is not delivered to street address) 5400 BROKEN SOUND BLVD. - SUITE 300	B Category of filer (See page 2 of the instructions. Check applicable box(es)): (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4) <input checked="" type="checkbox"/> (5) <input checked="" type="checkbox"/>
City or town, state, and ZIP code BOCA RATON, FL 33487	C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period 100%
Filer's tax year beginning 01/01 , 2000, and ending 12/31 , 2000	

D Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: Fill in all applicable lines and schedules. All information **MUST** be in the English language. All amounts **MUST** be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ► Won

1a Name and address of foreign corporation GRACE KOREA INC. 70-1, KOJAN-DONG, NAMDONG-KU INCHON CITY, KOREA			b Employer identification number, if any
			c Country under whose laws incorp. KOREA
d Date of incorporation 6/7/86	e Principal place of business KOREA	f Principal business activity code number (NEW) 325900	g Principal business activity OTHER CHEMICAL PRODUCT MFG
2 Provide the following information for the foreign corporation's accounting period stated above.			
a Name, address, and identifying number of branch office or agent (if any) in the United States NONE		b If a U.S. income tax return was filed, please show: (i) Taxable income or (loss) (ii) U.S. income tax paid (after all credits)	
c Name and address of foreign corporation's statutory or resident agent in country of incorporation		d Name and address (including corporate department, if applicable) of person (or persons) with custody of books & records of the foreign corporation, and the location of such books and records, if different G. O. CHAE	

Schedule A Stock of the Foreign Corporation**Part I -- ALL Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	1,045,788	1,045,788

Part II -- Additional Information for PREFERRED Stock

(To be completed only by Category (1) filers for foreign personal holding companies.)

(a) Description of each class of PREFERRED stock Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether stock is cumulative or noncumulative

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